

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – OCTOBER 10, 2002**

**PRESENT:** Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Michael Goclowski, Law Warehouse; Al Picconi, United Beverages, Inc.

**EXCUSED:** Chairman John Byrne

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending October 6, 2002 shows retail sales were down –4.04%, on-premise sales were up around 13.5%, off-premise sales were up 1.8%, and total aggregate sales were down approximately 4%. The traffic count increased by 12,278, while the average sales ticket was down by \$3.66.

The W-1 Total Weekly Sales report, also for the week ending October 6, 2002, confirms total sales were down –4.04% or (\$279,554) for the week, while they were up year-to-date by 5% or \$4,688,660. Wine sales for the weekly comparison were up 1.8% or \$54,155, as they were for the year by 10.2% or \$3,957,563. Sales of spirits decreased –8.55% or (\$333,710) on a weekly basis, but increased 1.35% or \$735,734 for the year. Rick pointed out that totals were influenced by the timing of the Columbus Day weekend, the figures for which were not included in these reports.

##### **B. Budget Reports:**

A review of the current Outstanding and Depletions report as of October 8, 2002 indicates nothing of significance to report, as August invoices were not sent out until the end of August.

The Commission had no agenda items for the Governor and Council meeting which was held yesterday.

The Law contract addendum addressing issues of moving product for on-premise sales to that facility has been received back, signed by Brian Law. It includes the provision that Law will not charge the Commission for moving this product and increases storage capacity on a monthly basis. Craig will ask the Commissioners to sign the addendum following this meeting.

John Bunnell agreed to do whatever needs to be done to increase awareness of the move.

The October 8<sup>th</sup> Expense Budget Activity Variance Report shows targeted expenditures at 27.4%, with actual agency totals at around 30%. This increase is primarily due to increases in the cost of health care coverage under Class 60 Benefits. The remaining accounts are in fairly good shape, with a few of them showing decreases. However, the increase will be closely monitored when taking projections into consideration. George is working on a spreadsheet which will give a good picture of what proposed projections are and how much should be budgeted. Commissioner Maiola was concerned that monies could not be transferred to accommodate \$65,000 needed to relocate the new Bedford store, because there has not been a store in this location for one and one-half years. Howard remarked that funds would also be needed to install IT equipment. George said he would look into this further. Craig suggested looking into changing the terminology to include store locations which the Commission has been forced to vacate. George will have further information for Tom Smith when he meets with the potential new landlord for Bedford next Tuesday.

The Commission is waiting for a draft containing annual report figures from O'Neil Griffin Bodi. Other than that, most of the financial reporting has been completed.

The auditors completed their work and left last week. To date, no one has heard from them regarding any issues.

2. IT Report

Howard reported that things are finally quieting down in IT, and the dust is finally settling around the conversion process. Howard walked around the building yesterday to take a survey of what problems workers are experiencing. Supervisors' laptops, correcting figures for the daily reports, and print formatting are a few issues which IT is working to resolve. One other major issue concerns a retired piece of equipment which used to settle or correct credit card transactions. This equipment had to be put back into use after it was discovered that this function could not be accomplished through the point-of-sale system.

This morning Howard had a discussion with personnel from a company who produces videos on the net. He suggested that this might be used as an alternative tool for staff and licensees to be used instead of physically sending people to attend training sessions. The videos could be posted to the net, as well as to the internet. It could also possibly be used as a means of store surveillance.

Last night two routing network links (radio and relay) were reconfigured to become primary links between Headquarters and Enforcement. The radio frequency is now much faster. If for any reason this link should fail, it will automatically divert to the relay link

John Bunnell asked if some of the difficulties Store #66 Hooksett experienced were due to the conversion process. Howard replied that they were related to the overall conversion, not Mapper conversion.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations**

According to the W-8 Sales Analysis by Location report, store sales for this past week versus the same week last year were down (\$367,627.86) or -6.68%. Peter noted that \$187,000 of this decrease could be attributed to three stores. However, he also cautioned that Columbus Day was a week earlier last year, and the sales from this year's holiday were not included in this report.

The work on Store #21 Peterborough is just about finished. There is some duct work yet to completed and some signs which need to be put up again outside.

Peter reminded those present of the managers' meeting scheduled for next Wednesday, October 16 from 10:00 a.m. to 1:00 p.m. at the Capital Center for the Arts. The upcoming holiday season will be the main focus.

### **2. Warehouse Report**

John commented that the current warehouse report indicates state stock is down considerably.

### **3. Purchasing Report**

Everything is in fairly good shape according to the current out-of-stock report, with a lot of listed items being new ones. Rick Gerrish is following up on a few brands, such as Bacardi.

### **4. Merchandising Report**

#### **A. SPIRITS:**

- 1) Test Market Request (Trader Vic's Spiced, Gold & Silver Rums):  
It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Sea Breeze Cellars/World

Spirits LTD for new test market listings for Trader Vic's Spiced Rum (assigned four-digit Code #4413), Trader Vic's Gold Rum (assigned four-digit Code #4409) and Trader Vic's Silver Rum (assigned four-digit Code #4411), 1.75L sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) November Special Offers (3 items – Horizon Beverage Co.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of three (3) spirit items, to be featured on sale during November 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) December Special Offers:

a. 5 items – Perfecta Wine Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of five (5) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 7 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of seven (7) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 38 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of thirty-eight (38) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 32 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of thirty-two (32) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 91 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of ninety-one (91) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 15 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc./Bacardi USA, based upon depletions of fifteen (15) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Gross Profit Figures (Cabo Wabo Tequila and Villa Massa Limoncello – tabled from 10/3/02, Items A-3 and A-4):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the above two items be removed from the table, and that the Commission take the following actions: (1) approve a request from Martignetti Companies of N.H. for the Commission to make a one-time purchase of Cabo Wabo Reposado Tequila, 50ML size (assigned four-digit Code #3783); (2) deny a request from United Beverages, Inc./ Laird & Co. to list Villa Massa Limoncello in the 50ML size. The motion was unanimously adopted.

**B. WINES:**

- 1) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (31 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve thirty-one (31) allocated and restricted wines to be distributed to selected stores, as recommended by Nicole Horton, Wine

Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products (8 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve eight (8) wine codes to be designated as wine specialty products, to be carried in wine specialty stores only, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Primary Source Submissions (1 item – primary source; 18 items – exclusive agent; 5 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, eighteen (18) codes which are not from primary source, but are offered by the exclusive marketing agent, and five (5) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Tabled Item:

Proposed Wine Sales for First Quarter of 2003 (tabled from 9/26/02):  
Item remained on the table.

**III. ENFORCEMENT & LICENSING REPORTS**

None.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated October 4 through October 10, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – OCTOBER 10, 2002**

**Page Seven**

3. Late Items:

a. Extend Thanksgiving Sale Period:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an extension of the Thanksgiving Sale period, previously approved for Thursday, November 14 through Sunday, November 24, to end instead on Sunday, December 1, 2002 in order to include the Thanksgiving weekend, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

---

Anthony C. Maiola, Commissioner

---

Patricia T. Russell, Commissioner

/D. Hartford